PART IV

Section 1-B.

CENTRAL ACTS AND ORDINANCES AND ORDERS UNDER THE CONSTITUTION BY THE PRESIDENT.

NOTIFICATION.

No. L. D. 1336—Legis. 4-52-47, Bangalore, dated 11th November 1952.

Ordered that the Iron and Steel Company Amalgamation Order, 1952 (Central Ordinance No. VIII of 1952), published in the *Gazette of India*, Part II, Section 1, dated the 29th October 1952, be republished in the *Mysore Gazette*, for general information.

GOVERNMENT OF INDIA.
MINISTRY OF LAW.

THE IRON AND STEEL COMPANIES AMALGAMATION ORDINANCE, 1952

No. VIII OF 1952

An Ordinance to make special provision, in the interests of the general public and the Union, for the amalgamation of certain companies closely connected with each other in the manufacture and production of iron and steel, and for matters connected therewith or incidental thereto.

WHEREAS for the purpose of securing, in the interests of the general public and the Union, the efficient and economical expansion and working of the iron and steel industry in India, it is essential that the Steel Corporation of Bengal, Limited, and the Indian Iron and Steel Company, Limited, which are engaged in the manufacture and production of iron and steel should be amalgamated;

AND WHEREAS to give effect to the scheme of the Central Government for the expansion of the iron and steel industry and to make available further resources for such expansion, it is necessary that the said companies should be amalgamated with as little delay as possible;

AND WHEREAS the amalgamation of the said companies is also in pursuance of successive recommendations made by the Tariff Board and the Tariff Commission;

AND WHEREAS Parliament is not in session and the President is satisfied that circumstances exist which render it necessary for him to take immediate action;

NOW THEREFORE, in exercise of the powers conferred by clause (1) of article 123 of the Constitution, the President is pleased to promulgate the following Ordinance:—

1. Short title and commencement.—(*1*) This Ordinance may be called the Iron and Steel Companies Amalgamation Ordinance, 1952.

(*2*) It shall come into force at once.

2. Definitions.—In this Ordinance, unless the context otherwise requires —

(*a*) "appointed day" means the 1st day of January, 1953;

(*b*) "the dissolved company" means the Steel Corporation of Bengal, Limited, formed and registered under the Indian Companies Act, 1913 (VII of 1913);

(*c*) "the Iron and Steel Company" means the Indian Iron and Steel Company, Limited, formed and registered under the Indian Companies Act, 1913 (VII of 1913);

(*d*) "prescribed" means prescribed by rules made under this Ordinance.

3. Amalgamation of certain companies engaged in the iron and steel industry.—(*1*) As from the appointed day, the undertaking of the Steel Corporation of Bengal, Limited, shall be transferred to and shall vest in the Iron and Steel Company.

(*2*) The undertaking of the dissolved company shall be deemed to include all rights, powers, authorities and privileges and all property, movable or immovable, including cash balances, reserves, revenue balances, investments and all other interests and rights in or arising out of such property as may belong to, or be in the possession of, the dissolved company immediately before the appointed day, and all books, accounts and documents relating thereto, and shall also be deemed to include all debts, liabilities and obligations of whatever kind then existing of the dissolved company.

4. Special Provision for the transfer of certain items of property.—For the purposes of this Ordinance, all the profits of the dissolved company for the year 1952 and the revenue reserves of the dissolved company, when transferred to the Iron and Steel Company under the provisions of this Ordinance, shall be deemed to be respectively the profits of the Iron and Steel Company for the said year and revenue reserves of the said company:

Provided that nothing in this section shall entitle a director or a managing agent of the Iron and Steel Company to any commission or other remuneration in respect of any profits so transferred.

Saving of contracts, etc., to which the dissolved company is a party.—Subject to the other provisions contained in this Ordinance, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which the dissolved company is a party, subsisting or having effect immediately before the appointed day, shall be of as full force and effect against or in favour of the Iron and Steel Company, as the case may be, and may be enforced as fully and effectually as if, instead of the dissolved company, the Iron and Steel Company had been a party thereto.

6. Saving of legal proceedings to which the dissolved company is a party.—If, on the appointed day, any suit, appeal or other legal proceeding of whatever nature by or against the dissolved company is pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the Iron and Steel Company of the undertaking of the dissolved company or of anything contained in this Ordinance, but the suit, appeal or other proceeding may be continued,

prosecuted and enforced by or against the Iron and Steel Company, in the same manner and to the same extent as it would or may be continued, prosecuted and enforced by or against the dissolved company if this Ordinance had not been promulgated.

7. Terms of transfer as respects shareholders in the dissolved company.—(*1*) As soon as may be after the appointed day, the Iron and Steel Company shall, subject to the rules, if any, made in this behalf, allot to every person registered as a shareholder in the dissolved company immediately before the appointed day,—

(*a*) if he is the holder of preference shares, as many preference shares in the Iron and Steel Company as are equivalent in number and value to the preference shares held by him in the dissolved company immediately before the appointed day, and

(*b*) if he is the holder of ordinary shares, four ordinary shares for rupees ten each in the Iron and Steel Company for every five ordinary shares for rupees ten each held by him in the dissolved company immediately before the appointed day, being the relative values of the two shares as determined by the Tariff Commission established under the Tariff Commission Act, 1951 (L of 1951).

(2) Notwithstanding anything contained in any other law for the time being in force, any report made by the Tariff Commission before the commencement of this Ordinance respecting the value of ordinary shares in the Iron and Steel Company in relation to the value of ordinary shares in the dissolved company shall be deemed to have been validly made and shall not be called in question in any court.

(3) Every shareholder in the dissolved company to whom a preference share has been allotted under this section shall be entitled—

(*i*) to receive a fixed cumulative preferential dividend at the rate of five *per cent per annum* as from the 1st day of January, 1953, on the capital for the time being paid up or credited as having been fully paid up thereon without deduction of Indian income-tax paid by the company;

(*ii*) subject to the provisions of clause (*i*), to rank for dividend equally with the holders of preference shares in the Iron and Steel Company immediately before the appointed day, and in priority to all other shareholders in that company;

(*iii*) to be repaid, in the winding up of the Iron and Steel Company the amounts paid up or credited as having been fully paid up thereon, together with any arrears of dividends (whether earned or not), calculated to the date of repayment of capital, equally with the holders of preference shares in the Iron and Steel Company immediately before the appointed day, and in priority to all other shareholders in that company;

(*iv*) to exercise the same voting rights at general meetings of the Iron and Steel Company as are conferred on the holders of preference shares in that company immediately before the appointed day.

(4) The Iron and Steel Company shall cause a notice to be published in the *Gazette of India* and shall also send by post to every person whose name was entered immediately before the appointed day in the register of shareholders in the dissolved company, a notice giving particulars of the terms hereinbefore set out as to the allotment of new shares and the disposal in the prescribed manner of fractional shares and an allotment letter for the new shares which shall also contain a statement of the fractional shares (if any) to which a shareholder would be entitled if fractional shares are to be allotted.

(5) Every shareholder in the dissolved company whose name appears in the register of the dissolved company immediately before the appointed day shall be entitled, on presentation within the prescribed period of the allotment letter and the share certificate in respect of the shares held by him in the dissolved company, to receive in due course share certificates of the Iron and Steel Company in accordance with the provisions of this Ordinance and the rules made thereunder.

(6) Any rights specified in sub-section (5) shall, during the period beginning with the appointed day and ending with the day on which the Iron and Steel Company issues fresh share certificates to the shareholders of the dissolved company, be transferable in like manner as the shares in the Iron and Steel Company themselves are transferable, and the transferees of such rights shall be entitled, upon submission of the letter of allotment, the relative share certificate in the dissolved Company and the document of transfer, to share certificates in the same manner and to the same extent as the transferors would have been entitled.

8. Priority as between secured creditors of the dissolved company and secured creditors of the Iron and Steel Company.—Creditors of the dissolved company whose debts are secured by a mortgage, charge or lien on the property of the dissolved company or any part thereof shall, with reference to similar secured creditors of the Iron and Steel Company, have such priority in the repayment of the debts as may be determined by agreement between the Iron and Steel Company and the secured creditors of the dissolved company:

Provided that in the absence of any such agreement the matter shall be referred by the Iron and Steel Company to the determination of such person as may be appointed by the Central Government in this behalf, and the decision of such person shall be final and binding on the Iron and Steel Company and the secured creditors concerned.

9. Provisions with respect to taxation.—(1) The Iron and Steel Company shall be taxable in respect of the profits and gains of the business carried on by the dissolved company before the appointed day to the same extent as the dissolved company would have been taxable if this Ordinance had not been promulgated, and the Iron and Steel Company shall, in its assessment, be entitled to claim all such allowances under sub-section (2) of section 10 of the Indian Income-tax Act, 1922 (XI of 1922) as the dissolved company could have claimed in its assessment if this Ordinance had not been promulgated.

(2) For the purposes of any law relating to taxation on income, the original cost to the Iron and Steel Company of the buildings, machinery, plant or furniture of the dissolved company transferred to it by virtue of this Ordinance shall be deemed to be the written down value thereof, as reduced by the initial depreciation permitted by sub-section (2) of section 10 of the Indian Income-tax Act, 1922 (XI of 1922), which has been or could have been computed by the dissolved company on the appointed day if this Ordinance had not been promulgated.

10. Payment of interim dividends to shareholders in the dissolved company.—If the profits of the dissolved company warrant such a course, the directors of the dissolved company may, at any time before the appointed day, declare the following dividends as being payable—

(*a*) to the holders of preference shares immediately before the appointed day, a dividend at the rate of five *per cent per annum* on the amount paid up without deduction of Indian income-tax payable by the dissolved company for the period commencing on the 1st day of June, 1952, and ending with the 31st day of December, 1952;

(*b*) to the holders of ordinary shares whose names appear on the register of the company on the date of such payment, an *interim* dividend not exceeding two and a half *per cent* on the amount paid up or credited as having been fully paid up thereon without deduction of Indian income-tax payable by the dissolved company for the period commencing on the 1st day of January, 1952, and ending with the 31st day of December, 1952.

11. Provisions respecting existing officers and other servants of the dissolved company.—Every officer or other servant (including within that expression auditors but excluding therefrom directors, managing agents and London Committee Members) employed immediately before the appointed day in the dissolved company shall, as from the appointed day, become an officer or other servant, as the case may be, of the Iron and Steel Company and shall hold his office or service therein by the same tenure and upon the same terms and conditions and with the same rights and privileges as to pension or gratuity as he would have held the same under the dissolved company if this Ordinance had not been promulgated, and shall continue to do so unless and until he is duly removed from his employment in the Iron and Steel Company or until his terms and conditions of employment are duly altered by that Company.

12. Position of directors of the dissolved company.—Every director of the dissolved company holding office as such immediately before the appointed day shall become, as from the appointed day, a director of the Iron and Steel Company, in addition to the other directors of the Iron and Steel Company holding office as such before the appointed day, and shall, subject to the provisions of the articles of association of the Iron and Steel Company, hold his office and act in all respects as if he had been duly appointed under the said articles.

13. Dissolution of the Steel Corporation of Bengal, Limited.—As from the appointed day—

(*a*) the Steel Corporation of Bengal, Limited, shall be dissolved and thereafter no person shall make, assert or take any claims, demands or proceedings against the dissolved company or against a director or officer thereof in his capacity as such director or officer, except in so far as may be necessary, for enforcing the provisions of this Ordinance;

(*b*) the right of every shareholder to or in respect of any share in the dissolved company shall be extinguished, and thereafter no such shareholder shall make, assert or take any claims or demands or proceedings in respect of any such share except as provided in this Ordinance.

14. Power to make rules for facilitating amalgamation.—The Central Government may, by notification in the Official Gazette, make such incidental, consequential or supplementary provisions as in its opinion are necessary for fully and effectually carrying out the purposes of this Ordinance, and without prejudice to the generality of such power, provision may be made in such rules—

(*a*) for the allotting or appropriation by the Iron and Steel Company of any shares, debentures, policies or other like interests in that company which are to be allotted or appropriated under this Ordinance by that company to or from any person;

(*b*) for the disposal of shares in the dissolved company which do not represent one fully paid up share in the Iron and Steel Company under clause (*b*) of sub-section (*1*) of section 7, whether by the surrender to the Iron and

Steel Company of the fractional certificates relating thereto with other fractional certificates so as to represent in all one fully paid up share, or, at the option of the shareholder, by the surrender of the fractional certificates to the Iron and Steel Company for sale by the company on his account;

(*c*) for fixing the period within which any action required to be taken under this Ordinance may be taken;

(*d*) for the alteration, notwithstanding anything to the contrary contained in the Indian Companies Act, 1913 (VII of 1913), of the memorandum or articles of association of the Iron and Steel Company for the purpose of increasing the capital of the company or the borrowing powers of the directors thereof or for the purpose of securing the representation of the Central Government on the Board of Directors of the company or for any other purpose;

(*e*) for requiring any person concerned with the keeping of the register of the holders of any shares, securities or investments now transferred to and vesting in the Iron and Steel Company to forthwith register the name of the Iron and Steel Company therein, and to issue to the Iron and Steel Company the appropriate documents of title relating to the shares, securities or investments transferred to and vesting in it.

RAJENDRA PRASAD,
President.

K. V. K. SUNDARAM,
Secy. to the Govt. of India.

By Order and in the name of the Rajpramukh,

N. R. JAYA RAO,
Legal Remembrancer and
Secretary to Government,
Law Department.

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